

Grants Management Risk Assessment

‘A cursory review’

This risk assessment is designed primarily for Grantees that are new to NIH grants (especially those participating in the SBIR program). It is intended to assist the Specialist in assessing whether a Grantee is capable of managing NIH funds. When there is doubt as to a Grantee's ability to adequately manage NIH funds, it is recommended that the Specialist request the services of the Special Reviews Branch, Division of Financial Advisory Services. A copy of a request form can be found at the following address: <http://oamp.od.nih.gov/dfas/SRBrequestform.doc>

Call the “Official Signing for the Applicant Organization” and request to speak to the official responsible for tracking and reporting the grant's financial activity (e.g., the Accountant, Bookkeeper, or other official that can answer the questions outlined below). Record the following information:

Official's Name / Phone Number:

Official's Job Title:

Official's Period of Employment w/ the Organization:

Notes:

Have this official, or other appropriate individual, answer the following questions.

Background

1. What year was the organization created? (may be obtained from the grant application)
2. How many people does the organization employ? (may be obtained from the grant application)
3. Does the organization issue annual financial statements?

If yes, are the annual financial statements audited by a Certified Public Accountant?

If yes, request a copy of the most recent audited financial statements and management letter.

Assessment: **Does the organization appear to be a well established company?** For example, a well established company might be at least 10 years old, have in excess of 25 employees, and have annual audited financial statements. Professional judgment is required.

Yes _____. Somewhat _____. No _____.

In addition to checking the appropriate response, the reviewer should analyze audited financial statements and management letters, if available, for issues such as adverse opinions, and other abnormalities. When significant issues are believed to exist, the Specialist should contact the Special Reviews Branch (SRB), Division of Financial Advisory Services (DFAS) to determine the appropriate course of action (301-496-4494).

Prior Federal Activity

4. Has the organization received previous funding from NIH?

Has the organization received previous funding from other Federal Agencies?

If yes: a) How many Federal Awards has the grantee received in the last five years?

b) How many Federal Awards has the grantee received in the last ten years?

c) What NIH Institute(s) and/or other Federal Agency(s) provided the awards?

d) When was the last year in which the organization received federal funding?

5. Has the organization ever negotiated indirect cost rates with NIH or another Federal agency? If yes, with what agency has the organization negotiated rates? NOTE: Typically, organizations that have negotiated rates have adequate accounting systems because the Federal Agency negotiating the rates usually reviews an organization's accounting system prior to entering into a rate agreement.
6. Has the organization ever been audited or reviewed by a Federal Agency (this would include the IRS)? If yes, what is the name of the auditing agency and the date of the audit?
7. Has the organization ever had an independent accounting firm conduct an audit that attests to the fiscal integrity of grant funds (e.g. an OMB Circular A-133 audit)? If yes, what is the name of the CPA firm that conducted the audit?

If yes to question 6 or 7, request a copy of the audit report(s). (If the organization does not have a copy of the audit report, or refuses to provide you with a copy, contact the auditing agency and/or CPA firm and request that they provide you with a copy of the report).

Assessment: Does the organization have sufficient experience in handling federal awards? For example, an organization that has sufficient experience in handling federal awards might have received one federal award during the last five years or three federal awards during the last ten years.

Yes _____. Somewhat _____. No _____.

In addition to checking the appropriate response, the reviewer should examine Federal audit reports for issues such as material internal control or compliance deficiencies. When significant issues are believed to exist, the Specialist should contact the Special Reviews Branch (SRB), Division of Financial Advisory Services (DFAS) to determine the appropriate course of action (301-496-4494). Please note: The Specialist should not attempt to resolve audit findings.

Financial Management

8. Are organization officials familiar with the Federal regulations that apply to NIH grants? Officials should be familiar with the following Federal regulations.

Type of Organization	Cost Principles	Administrative Requirements
State and Local Governments	OMB Circular A-87	OMB Circular A-102 (45 CFR, Part 92)
Colleges and Universities	OMB Circular A-21	OMB Circular A-110 (45 CFR, Part 74)
Nonprofit Organizations	OMB Circular A-122	OMB Circular A-110 (45 CFR, Part 74)
Commercial Organizations	Federal Acquisition Regulations (48 CFR Part 31.2)	OMB Circular A-110 (45 CFR, Part 74)

9. Does the organization maintain written policies and procedures that address areas such as payroll, travel, procurement, accounts payable, property, etc.?
10. **(critical item)** How does the organization's accounting system differentiate between direct and indirect costs? Request a copy of the organization's "chart-of-accounts."
11. **(critical item)** How does the organization's accounting system track each separate project? Request a sample report.
12. **(critical item)** Are time distribution records maintained for each employee to account for all of his/her hours? If yes, request a sample of a completed time sheet. Ensure the organization's time sheet complies with NIH requirements.

Assessment: Does the organization have basic systems and policies in place to ensure proper administration of NIH awards? If the reviewer was not satisfied with the organization's answers to items 10, 11, or 12, then the reviewer should check 'no' below. However, as with all assessments, the reviewer's professional judgment should be the overriding factor in making this assessment.

Yes _____. Somewhat _____. No _____.

OVERALL ASSESSMENT

Based on the reviewer's observations, is the organization capable of managing NIH funds?

Yes _____. No _____.

Note: If the reviewer checked 'no' in any one of the three assessment areas, issues and concerns should be discussed with a Supervisor or GMO before completing the 'overall assessment'. The actions taken as result of the consultation with the Supervisor or GMO should be documented below.

NOTES

Review Completed by:

Date Review Completed:
